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SEPTEMBER 11, 1967



**AUSTRALIA'S GRAIN  
LIVESTOCK ECONOMY**

**NEW FOOD MARKET FOR PARIS**

**U.S. SOYBEAN EXPORTS HIGH  
DESPITE STIFF COMPETITION**

# **FOREIGN AGRICULTURE**

**Including FOREIGN CROPS AND MARKETS**

**A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREIGN AGRICULTURAL SERVICE**

# FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

SEPTEMBER 11, 1967

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Wheat storage silos dominating the skyline of Geraldton, Western Australia, are reminders of the importance of this crop to Australian trade. (See opposite story on Australia's grain-livestock economy.)

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# A Look at Australia's Changing Grain-Livestock Economy

By WILLIAM R. HATCH  
*Foreign Agricultural Service*

Despite its remarkable industrial progress, the sprawling nation-continent Australia still has its purse strings tied to three agricultural commodities—wool, wheat, and meat. From these, come over half of Australia's agricultural revenue and nearly 60 percent of its foreign exchange earnings.

Produced under similar circumstances and often on the same ranches, wheat and livestock make up an economy all their own. It is an economy where wool has always been the top money-earner, giving Australia the distinction of having 14 times as many sheep as people, and where wheat has long been No. 2. It is also an economy where land is constantly switched from wheat to livestock and back again in line with rotation needs and changes in world demand.

Currently, this demand is favoring wheat, whose acreage is expanding rapidly. But most seasoned observers feel that the negative factors will soon catch up with wheat, causing wheat plantings to slow or decline, thus restoring the historical balance among this product, wool, and meat.

## Changes in wheat, livestock

If the historical trend were to continue, wheat production would most certainly decline soon, for its pattern over the past 36 years has been a zig-zaggy one, with sharp gains counterbalanced by equally sharp losses. Wheat acreage reached a peak of 18.2 million acres in 1930-31, then declined to around 9 million in the early 1940's. Following World War II with the accompanying high wheat prices, acreage again moved up—to 13 million acres—only to fall to about 10 million and to stay there for a number of years. Another expansion began after 1958-59, with acreage climbing to 17.5 million for the 1965-66 crop and to

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Mr. Hatch was U.S. Agricultural Attaché in Australia when he wrote this article.

over 20.5 million in 1966-67. Intentions to plant for the 1967-68 season have been reported at more than 21 million.

During this same 36-year period, sheep numbers increased steadily, from 111 million to 171 million, but then fell to 158 million as a result of drought in 1965. Cattle numbers rose from 12 million to 19 million, then dropped to 18 million.

Australia is currently having difficulty expanding its livestock production. Responsible for this lack of progress are the current high cost and scarcity of replacement stock caused by drought. Despite the drought, however, there is an upward trend in cattle numbers. If present market conditions continue, there will likely be an increase in both sheep and cattle numbers with a proportionately higher increase in cattle.

One reason for wheat's undulations over the years is that Australian farmers will often change the rotation cycle for wheat to meet specific situations. This cycle (on lands suited to wheat production) generally averages out to one crop every 5 or 6 years. In between, the land is planted to pasture for sheep and—increasingly—for cattle.

There is some degree of flexibility in the rotation program, but farmers must always be wary not to grow too many wheat crops in succession. This happened in the 1930's when, encouraged by good prices, farmers moved into marginal areas and shortened the rotation period so much that soils were worn out and farming in many areas ceased entirely.

Today, Australians are again cutting the rotation so that they can take advantage of favorable world demand, but in a much more selective way than in the 1930's. Also, in many areas a shorter rotation is justified by increased use of fertilizers—particularly phosphates—in addition to seeding of more improved grasses, oats for winter feed, clovers, and alfalfa. This has not only contributed to higher wheat yields and more frequent wheat crops, but it has also made possible the carrying of livestock on a much smaller acreage in Australia.

Ships load wheat for export from terminal at Geelong, Australia.







*Above, left, merinos being mustered for shearing; right, Aberdeen Angus return after watering to graze on foothills of New England Range, New South Wales. Below, stripper-harvesters discharge wheat in field bin and trailers. Photos courtesy Australian News and Information Bureau.*



### Expansion of wheat areas

At the same time, the country is continuing its acreage expansion.

In Western Australia, about a million acres of land are taken up and developed each year. From one-third to half of this is planted to grains, mostly wheat, with much of this planting a means of preparing land for pasture. Rotational needs dictate that not even a third of the new ground will be kept in wheat.

With improvements in the market, wheat plantings have also expanded in northern New South Wales and in limited areas of southern Queensland and South Australia.

### Government encourages expansion

Behind the increase in wheat output is the expanded import demand of recent years from Mainland China and other areas of the world. To take advantage of this, the government—through the Australian Wheat Board and the National Wheat Program—guarantees prices for all locally consumed wheat plus up to 150 million bushels of exported wheat; currently, this guaranteed price is \$1.55 (US\$1.74) per bushel for fair-average-quality wheat at the nearest terminal. Also of importance in motivating wheat production is the initial payment to growers. This payment in recent years has amounted to \$1.10 (US\$1.23) per bushel after delivery, assuring growers of ready cash.

The rapidly expanding wheat acreage has, however, begun to cause concern in Australia, especially since much of the increase has come through tightening the rotation,

partly because of difficulties in acquiring increased livestock numbers. As a result, questions are being raised as to Australia's ability to maintain present acreages in wheat. Experienced agriculturists generally feel that present market conditions justify an annual planting of around 17 million acres and that the 20-22 million of the last 2 years is resulting from attempts to get a quick return and recoup losses sustained during the 1965 drought. They do feel, however, that a normal of around 20 million acres in wheat could well be achieved in a few years.

By using competitive pricing and selling some of its wheat on a differentiated quality basis (in contrast to the conventional fair average quality), Australia has been able to move most of its record crop of last year. However, with the future prospect of large supplies in the world market, a possible change in the support program could switch newly acquired production capacity from wheat back to livestock or to other crops.

### VALUE OF AUSTRALIAN EXPORTS OF WOOL, MEAT, WHEAT, AND ALL COMMODITIES 1961-62 through 1966-67

Year	Wool	Meat	Wheat commodities	All
	Million U.S. dol.	Million U.S. dol.	Million U.S. dol.	Million U.S. dol.
1961-62 .....	888	180	358	2,319
1962-63 .....	912	230	278	2,326
1963-64 .....	1,159	248	453	3,014
1964-65 .....	969	288	375	2,840
1965-66 .....	951	287	323	2,888
1966-67 .....	943	293	414	2,185



# Iran Rounds Out the Fifth Year of Its Land Reform Program

By C. S. STEPHANIDES  
*U.S. Agricultural Attaché, Tehran*

This year marks the fifth anniversary of the breakup, through land reform, of agricultural feudalism in Iran. The land reform program has broken the shackles that kept the rural population in bondage for many centuries. It has not, however, been without problems, and as its third and last phase begins, finding solutions to these problems becomes all important.

Looking back, the seeds of land reform were first sown in the 1940's, when the Shah started breaking up and redistributing Crown lands. It was not until 1962, however, that a countrywide program of land redistribution was begun.

When the program was first proposed, the landlords—who had developed a powerful “paternal” institution holding village economies together—began spreading the news that such a plan would lead to a sharp decline in farm production and to disruption of rural life. They stressed that the rural population was not ready to produce from its own resources the leadership necessary to sustain itself.

Results so far, however, are contrary to the expectations of the landlords. Farm production did not suffer, although—as would be expected—there have been no startling increases over the short term.

## First phase brings dramatic changes

The first phase of the movement began in 1963 with a legal decree authorizing vast socio-political reforms. These reforms changed Iran's entire social structure and started the country on a new course.

The reforms placed a ceiling on land holdings, and the government began purchasing excess holdings in installments spread over 15 years; 6 percent interest was paid on these installments. Land thus obtained was resold to farmers at 10 percent more than the purchase price, with the difference going to a fund for rural development. Prices were on the basis of the land tax schedule.

Substituted for the landlord institution were village cooperatives. These gave the farmers technical and managerial aid and offered them credit on favorable terms through the Agricultural Bank and other financial organizations. At first, membership in these societies was a prerequisite to land ownership.

Mechanized farms were excluded from the land-distribution program.

End results for the first phase look something like this: Over 14,200 villages were affected and land was distributed to nearly 590,000 farm families with a total population of about 2.9 million; value of purchased land amounted to about \$118 million, with some \$37.4 million paid up.

## Focus shifts to medium-size farms

In the second phase, the government switched its attention to medium-size estates. Ownership in this phase was limited to 74-371 acres, depending on geographical location. Cooperative membership was no longer required for ownership, except for endowed land—land belonging to institutional organizations and leased to farmers.

Landlords were offered three alternatives: They could either divide the land with farmers according to the crop-sharing ratio prevalent in the area, sell to farmers on government-approved terms, or rent the farms on 30-year leases, renewable every fifth year. Over 90 percent of the landlords chose the third alternative.

The second phase also brought under its purview public endowment lands, which were rented on 99-year leases with the rentals going to holy shrines.

Official statistics on the progress of the second phase up to the present are as follows:

- 11,085 public endowment plots were leased to 124,065 farm tenants, and 1,005 special endowment plots, to 23,128 farm tenants;
- 202,359 small landlords leased their land to 1,076,775 farm tenants;
- 3,220 landlords sold their plots to 45,985 farmers on the basis of mutually agreed settlements;
- There are now some 725,535 landowning farmers, and 11,415,236 persons have been affected by the land reform program.

Thus far, land reform legal operations have been completed in nearly 53,000 villages and 18,000 farms; they have yet to be completed for some 900 villages and 300 farms.

## Cooperatives' gain lower than expected

Despite this obvious progress in land redistribution, one phase of the program has not expanded at the rate planned—this is the cooperative organization.

The cooperatives—set up to mobilize small savings of the farmers and to fill the vacuum created by the abolition of landlordism—have been looked upon as the vehicle for pushing through the entire program. Their number stood at 711 in 1960 before the movement was launched, then climbed to 1,373 in 1962, and on to 6,828 last year. Membership rose to over 850,000, and total capital, to \$10 million from less than \$3.3 million in 1962. In addition, a strong Central Cooperatives Organization was set up in the Ministry of Agriculture, and management of the rural cooperatives was transferred from the Agricultural Bank to the new government agency.

Measured against the whole of the program, however, this growth has not been enough, and even with the slower rate, the cooperatives are confronted with technical, manpower, and financial limitations, resulting in quality being sacrificed for quantity.

Moreover, village needs have had to be reexamined in the light of modern technological changes.

Modern farm methods have necessitated hiring of men with the necessary know-how, but these men have been hard to find; this shortage of skilled manpower is one of the major problems confronting the cooperatives. People must be trained as supervisors, auditors, and managers—skills that cannot be acquired overnight. The cooperative organization has not been able to muster sufficient technical resources to expand the movement in the form of sound, multipurpose cooperatives. And because of their qualitative weaknesses, the cooperatives have not been able to com-

*(Continued on page 11)*

# New Market in Paris Suburbs To Replace Les Halles

By PAUL E. QUINTUS  
U.S. Agricultural Attaché  
Paris

A truly historic Parisian event is in the offing. The famous old wholesale market of Paris, Les Halles Centrales, is scheduled to close shop for keeps in November 1968. Simultaneously, a new produce market handling fruits, vegetables, dairy products, and fish, will open at Rungis, just south of Paris.

The new market will be as modern as the old one is outmoded. To visualize the extremes, let's first consider a few facts about Rungis. Like La Villette—where most meat operations will be transferred, Rungis is now in advanced stages of construction. Above all, it is huge. The market proper occupies 500 acres. And the total market complex, including hotels, restaurants, banks, shops, other service facilities, and new apartment houses, will cover 1,500 acres. There are to be parking facilities for 10,000 vehicles.

Rungis is all new. It became legally activated by a decree July 1, 1962, which gave Rungis the title of *Marché d'Intérêt National* (Market of National Interest) and prescribed the transfer to that locality of most activities now being carried on at Les Halles. Taking land preparation activities into account, the total construction time will approximate 6 years.

Rungis is a state undertaking in cooperation with the city of Paris. It is one unit (the largest) of a series of 25 new produce markets that are either already built or planned for construction throughout France. Together these make up the Markets of National Interest.

The original investment at Rungis is around 600 million francs (\$120 million). It will receive and distribute about 20 percent of the total tonnage of perishable products marketed in France and supply more than 8 million consumers. This number is expected to grow to 12 million within a few years.

About 40,000 people will be employed full-time, either in the market or in connection with it. Together with dependents, this will result in a new city of at least 100,000 persons.

## The chaos of Les Halles

By contrast, Les Halles Centrales market is old, small, and disorderly beyond comprehension. The wholesale market has been in this same district of Paris since the 11th century. The present Les Halles was planned and built in the middle of the last century. The market then occupied about 10 acres and was designed to service a population of 1.5 million. It now has spread to 75 acres.

Population alone is by no means a full measure of the demands on the market. There have been in addition spectacular increases in the quantities of fresh produce consumed per capita. In the case of fresh fruit alone, per capita consumption has increased from an estimated 16 pounds per year in 1912 to 73 pounds in 1938 and 143 pounds in 1960. Besides meat and variety meats, Paris requires about 5,000 metric tons of perishables a day.

There are several points favoring the new market location at Rungis. Above all, a southern location was chosen

because more than 70 percent of the fruit and vegetables marketed in the Paris region come from the south. Thus, the produce will arrive by rail or highway trucks without travelling through any part of the city of Paris.

Although Rungis is a little more than 7 miles south of Notre Dame Cathedral and nearly 5 miles from the inner circumferential boulevard, the most distant Paris trader will be able to reach Rungis in about 30 minutes over the Autoroute and National Highway No. 7 without encountering a single traffic light.

Rungis' proximity to Orly Airport is a plus factor. Air shipment of high-value perishables has already started and is expected to expand in the future. Fresh strawberries from the United States during the winter months is an example.

Another factor favoring a market outside of Paris is the growing suburbs. Although the population of Paris has increased only 5 percent over the last 50 years, the population of the two Departments surrounding Paris has risen by 241 and 245 percent respectively.

The confusion and inefficiency of Les Halles have influenced more and more food wholesalers to move out and build warehouses in the suburbs, despite a 1953 decree aimed at stopping this bypass of the official wholesale market. These moves by wholesalers have reduced the turnover at Les Halles by at least 10 percent. Rungis expects to recapture all of this business; hopefully Rungis will become the site of new supermarket warehouses.

## Control over what is sold at Rungis

Rungis is looked upon as a true wholesale market. In other words, it is to be more than a place where perishable food products are physically distributed. As a controlled market, it will be expected to equate supply and demand and to establish fair prices.

So that Rungis may achieve the combination of these market functions, the French Government is sparing no expense or effort to insure that the new market will be as modern and well organized as it is possible to make it. For one thing, wholesalers will be required to operate their business personally, instead of subletting as has been the common practice at Les Halles. Subletting is thought to result in higher selling prices.

One of the most important differences between the old and the new market will be control over products and prices in the market, now impractical at Les Halles. Business is transacted at the old market without any proper inspection or supervision. Products entering Rungis will be registered, trading will be regulated, and prices will become public knowledge. And, through a system of electronic communications, all the French Markets of National Interest will be in close connection on matters pertaining to quantities, qualities, and prices.

Finally, it should be pointed out that the development of wholesale markets in the United States and other countries was carefully studied by French authorities before Rungis went on the drawing board. Since 1940 close contact has been maintained with U.S. produce market developments. The Food Distribution Center at Philadelphia perhaps comes closest to being the model after which Rungis was patterned.





*Les Halles traditionally has had as much humanity in it as food. At left, a rare moment of repose in today's market as merchants from the country, who drove in before dawn to set up shop, wait for customers. Below, in the 1860's, a moment's gossip and a bite to eat between sales.*



## The Paris Food Market Through a Century of Change



*Carriages, above, gave way to crates, left, as Les Halles outgrew its pavilions. Hemingway called Paris "a movable feast," and so must Les Halles become just this. Below, left, a model of its new home at Rungis; below, a rail platform for receiving produce.*





# Record Barter Reimbursements in Fiscal 1967

## Help Bolster the U.S. Balance of Payments

Reimbursements to the Commodity Credit Corporation by other U.S. agencies for needed supplies and services procured abroad under barter contracts hit another record in fiscal 1967—a gain that has meant more foreign exchange savings to the United States.

Begun in 1963 to slow the dollar drain, the increased emphasis on off-shore procurement barter has prevented siphoning off millions of government dollars to meet overseas product and service needs. In fiscal 1967, this phase of the program expanded to account for all but \$9 million worth of new barter contracts. The growing contribution being made to the U.S. balance of payments is vividly illustrated below:

Fiscal year	Reimbursements to CCC <i>Mil. U.S. dollars</i>
1963	13.0
1964	49.5
1965	89.3
1966	177.6
1967	258.5

Although last year's new barter contracts had a value slightly below those entered into during fiscal 1966, the offshore procurement component increased by about \$20 million. They were, moreover, nearly double the level for fiscal 1965, totaling 144 with a value of \$259.6 million. This brings to \$2.5 billion the value of contracts concluded since the start of the barter program in fiscal 1950.

Around \$210 million of the fiscal 1967 contract value went to procure goods, equipment, and services required by installations of the U.S. Defense Department in Europe and Asia; another \$40.8 million went for goods and services for use in programs of the Agency for International Development. Commodities being procured under AID authorizations include urea fertilizer for South Vietnam and India and cement and petroleum products for South Vietnam and Laos. Coal handling and distribution services, maintenance and operation of military installations, and supplies for Army PX's are among the items being acquired for defense.

The other phase of program activi-

ties—barter for strategic materials for transfer to the stockpile—has decreased sharply since the shift in program emphasis in 1963. In fiscal 1967, these materials accounted for only \$8.8 million of total barter contracts. Materials obtained this way in fiscal 1967 include beryllium metal, selenium, and rutile.

Agricultural commodities exported under the barter program totaled \$292.6 million last year. This is about five times the level of 5 years ago and \$66 million above fiscal 1966. Around \$114.8 million of the total export value came from wheat—top export under this program. Tobacco was second with a value of \$84.6 million, followed by cotton, \$41.6 million; soybean oil, \$20.4 million; corn, \$14.6 million; grain sorghums, \$7.2 million; cottonseed oil, \$5.6 million; and wheat flour, \$3.9 million.

Over 56 countries received agricultural commodities exported under barter contracts last year, taking commodities that would not interfere with regular commercial exports. Largest of the recipients was Brazil, which received \$42.4 million in U.S. farm products. Other top recipients were Taiwan, \$23.1 million; the United Kingdom, \$19.5 million; West Germany, \$17.8 million; South Korea, \$16.6 million; India, \$13.8 million; and Chile, \$13.1 million.

## Australia Promotes Butter

Rising butter production and the prospect of traditional markets contracting if the United Kingdom joins the EEC are causing the Australian dairy industry to step up promotion in alternative foreign markets.

Among these markets are Singapore and Malaysia, where a 3-month campaign to sell Australian butter has been enthusiastically received. The campaign—specifically designed to meet stiff competition from other overseas suppliers—is strongly supported by press, radio, and television advertising. Theme of the promotion is "Australian Butter is Best," and every half pound and pound pack of butter sold carries a free jigsaw puzzle, which when assembled high-

lights this theme.

Shops feature large point-of-sale displays, including hanging mobiles.

In addition, importers and distributors have been offered financial grants to support their own individual brand advertising, provided the Australian origin is emphasized.

Australia is normally the world's third top exporter of butter behind New Zealand and Denmark.

## Effective Date Nears for German Meat Labeling Law

U.S. exporters will soon have to comply with a German regulation on labeling of meat and meat products, including poultry meat.

Effective January 1, 1968, West Germany will require that all consumer packages of livestock and fish products be marked with the date of production or expiration of shelf life. The regulation was passed by the German Parliament in June 1966.

Details on dating of products vary with the type of preparation. Products that are heat sterilized or otherwise preserved or that have a minimum shelf life of 1 year must carry the *year* of production or the year of expiration of shelf life. Products that are deep frozen and labeled as such, as well as salami-type sausages, cured ham (not cooked), and cured meat (not cooked) require only the *month* and *year* of expiration of shelf life. Products prepared in other ways—fresh or frozen—must list the *day*, *month*, and *year* of production or the expiration date of shelf life. The packaging date may be listed in lieu of date of production if these are different.

Stickers and inserts may be used as long as the required dates are easily recognized by the buyer.

Canned poultry (i.e., fully sterilized products) marketed by importers before January 1, 1968, will have to be completely off the market in 4 years. All other products (e.g., slaughtered poultry and variety meats) that have been marketed by importers prior to January 1, 1968, will have to be off the market in 1 year from the effective date of the regulation.

It is the responsibility of the importer to see that the new labeling requirements are met; thus, in the near future, importers will no doubt make the new labeling requirements a part of all purchase contracts.

# U.S. Exports of Soybean Products High Despite Stiff Competition

In the fiscal year that ended June 30, the total value of agricultural exports set a new alltime high of \$6.8 billion. Exports of soybeans and their products amounted to about \$1.1 billion and contributed a great deal to this impressive record, particularly in terms of dollar returns from exports.

Now we are nearing the end of a marketing season. It is a season in which we've learned some lessons and also may have set a record.

The present season reflects events having their origin in mid-1966, when supplies were rather tight, domestic demand was strong, a sharp drop in the cotton crop was in prospect, and the size of the 1966 soybean crop was uncertain. Consequently, price levels responded. The drought in some areas of the soybean belt and the estimate in the August Crop Report added further upward pressure on price levels.

Then, with ample rainfall during August, it became clear that the soybean crop would be a record and that domestic oilseed supplies were more than enough to meet commercial requirements.

As the season progressed, the full measure of the competition which soybeans and products confronted in world markets became clearer.

## Increased competition this year

Here are some of the highlights of world supplies and competition which had a bearing on our exports.

- In 1966, world soybean production increased by almost 90 million bushels. Practically all this increase was in the United States. However, the 1967 crop in Brazil increased by 24 million bushels.

- World production of sunflowerseed was a record 8.6 million metric tons, 14 percent above 1965. Production was equivalent in oil content to roughly 700 million bushels of soybeans—almost a hundred million bushels more than in 1965. The increase reflected (1) record crops in the USSR, Bulgaria, Yugoslavia, and Romania, with much of the increase due to higher yields; (2) a 40-percent increase in Turkey mostly as a result of further expansion of acreage; and

Taken from a speech by *Hugh V. Robinson*, Director, Fats and Oils Division, Foreign Agricultural Service, USDA, at the American Soybean Association's Annual Convention, Peoria, Illinois.

(3) an 11-percent increase in South America.

- World production of peanuts increased in 1966 and was not far below the record level in 1964. Production in Nigeria—the world's principal exporter—set a new record.

- Record fish oil supplies at lower prices were an important element in world markets throughout the season. For example, exports of Peruvian fish oil in January-May 1967 were up over a hundred million pounds compared with the same 5 months of last year. Prices for these oils in 1967 have been considerably lower than in 1966.

- Production of fishmeal was also a record—almost a half million tons above 1965. Among principal exporters, Peru's production increased more than 200,000 short tons. Exports during 1967 from Peru alone are estimated at over 1.6 million tons—equal to about 2.4 million tons of soybean meal on a crude protein basis.

These are just some of the highlights. While the data aren't as precise as they may sound and while it isn't possible to add up all the numbers and come up with one figure or a group of figures indicating the volume of competitive supplies in world markets over a given period, one thing seems clear. That is, the export market this year has been dominated by record supplies, much of them directly competitive with soybean products and available at lower prices.

In the face of this competition, how are we doing?

When all the figures are in for the current marketing year, we'll probably end up with exports approaching 260 million bushels of beans, 1.2 billion pounds of soybean oil, and, with luck, about as much soybean meal as the record level of last season.

## Must work to expand exports

Now we enter a new marketing year with prospects for an even larger supply of soybeans and several questions in our minds about the extent and nature of our competition.

Exporting all that we want to may not come easily—we can be almost certain it won't come automatically.

We know now that foreign buyers can be lured away if someone else comes along with a product that is priced more attractively than ours. We

know that soybean products, like others, are subject to the laws of supply and demand. We know that if we are not fully competitive in world markets, our export volume will be smaller.

In this situation, we will need to strengthen our efforts to learn about what our customers need—and do what can be done to meet these needs.

For example, I believe we should listen carefully when leaders of the Japanese crushing industry tell us that some way should be found to deal with what they consider to be excess foreign material in our beans.

We need to understand that some of our competitors are offering oilseeds on a guaranteed minimum oil content basis.

Also, we need to be active and imaginative in acquainting foreign buyers and consumers with the virtues and advantages of our products.

And I think it goes without saying that we need to continue to seek ways of increasing soybean yields and reducing the costs of producing and marketing soybeans and their products.

## Much reason for optimism

Over the long run, I think we have every reason for confidence about export prospects.

We will be marketing the world's most sought-after protein for livestock feed, the most widely used and versatile food oil, and the most attractive package of both—the American soybean.

We are more competitive than a year ago. Export markets have strengthened and the improvement in our competitive position should be reflected in export volume in the months ahead.

As economic development around the world moves forward, we can expect that demand for soybean products will increase as improved incomes permit larger numbers of people to buy the oils and the livestock products they need and want.

Also, soybean food products may be expected to play a major role in bridging the gap between the needs for proteins in the diets of undernourished millions in Africa, Asia, and Latin America. Some of the exciting new soy food products may find a welcome in world markets.



## Meat Imports Subject to Quota Up in July

U.S. meat imports subject to provisions of the Meat Import Act (Public Law 88-482) totaled 88.7 million pounds in July 1967—up 45 percent from the same month a year earlier. Imports for the first 7 months of 1967, at 466.3 million pounds, were up 6 percent from the 438.0 million pounds for January-July 1966.

U.S. IMPORTS OF MEAT SUBJECT TO P.L. 88-482

Imports	July	Jan.-July
	<i>Million pounds</i>	<i>Million pounds</i>
1967:		
Subject to meat import law <sup>1</sup> .....	88.7	466.3
Total beef and veal <sup>2</sup> .....	98.4	508.1
Total red meat <sup>3</sup> .....	128.1	730.2
1966:		
Subject to meat import law <sup>1</sup> .....	61.4	438.0
Total beef and veal <sup>2</sup> .....	67.6	459.4
Total red meat <sup>3</sup> .....	95.8	698.2
1965:		
Subject to meat import law <sup>1</sup> .....	58.5	316.6
Total beef and veal <sup>2</sup> .....	65.6	362.1
Total red meat <sup>3</sup> .....	90.8	529.0

<sup>1</sup>Fresh, chilled, and frozen beef, veal, mutton, and goat meat.  
<sup>2</sup>All forms, including canned and preserved. <sup>3</sup>Total beef, veal, pork, lamb, mutton, and goat.

## World Cigarette Output Continues To Rise

Total world cigarette output in 1966 reached an estimated 2,827 billion pieces, a rise of 4.1 percent from the 2,715 billion produced in 1965. The volume increase was 112 billion, compared with the 1961-65 annual average of 94 billion.

Free World cigarette output last year, at 1,922 billion pieces, rose about 3.7 percent from the previous year, compared with a gain of 5.2 percent from 1964 to 1965.

Leading producers of cigarettes in 1966, in order of importance were the United States, Mainland China, the USSR, Japan, the United Kingdom, West Germany (including West Berlin), Italy, Poland, Brazil, India, and France.

The biggest increases in output, on a percentage basis, were recorded in Pakistan, Bulgaria, Sweden, Denmark, and New Zealand.

The United States, by far the world's leading cigarette producer, had an output of 567 billion cigarettes in 1966. This was about 20 percent of estimated total world production.

Filter-tipped cigarettes represented about 50 percent of total Free World output last year, compared with some 46 percent in 1965, and 41 percent in 1964.

Circular FT 4-67, with detailed information on world cigarette output by countries and areas, is available upon request to the Foreign Agricultural Service.

## Flue-Cured Exports to East Germany Rising

In recent months, East Germany has increased sharply its purchases of U.S. flue-cured tobacco. For the fiscal year ended June 30, 1967, exports of U.S. flue-cured to East Germany totaled 2.1 million pounds—nearly 5 times the 486,000 pounds shipped to that country in fiscal 1966.

It is likely that further gains in exports to East Germany will be recorded in the months ahead.

## French Estimates Indicate Large Grain Harvest

French Ministry of Agriculture has estimated as of August 1 a 1967 wheat crop of 14.0 million metric tons and a barley crop of 9.0 million tons. The latest wheat estimate is 24 percent above last year's production and compares with the 1965 record of 14.8 million tons. A 9.0-million-ton barley crop would top last year's record of 7.5 million tons by 20 percent.

The 1967 wheat acreage is placed at 10.1 million acres compared with 9.9 million in 1966. Barley acreage of 6.7 million acres is up from 6.5 million last year and is a new record.

The good harvests occurred despite generally unfavorable weather last fall, which prevented farmers from sowing the usual area in winter crops. The area in winter grains declined for the second consecutive year with most of the decline in winter wheat. However, spring sowings were higher than a year earlier so that the total area in both wheat and barley increased moderately.

Except for the fall and early winter, growing conditions were generally favorable for the wheat crop. The winter was unusually mild, although in most sections there was apparently enough cold weather to control insect pests. The spring was early and rainfall adequate in the early season, with cool weather which delayed growth until June. A continued dry spell in July may have affected yields slightly, but test weights were high and moisture content low.

The barley crop, mostly spring sown, responded similarly to favorable conditions, and the outturn was of high quality. French oat production at 2.5 million tons is 4 percent lower than in 1966, since acreage was reduced 7 percent.

The area planted to corn is estimated at 2.5 million acres, up 4 percent. The crop came up irregularly and grew slowly until warm weather started, then suffered from dry weather in July and August. As a result the corn harvest may be below last year's 4.0-million-ton level.

## West German Import Tender for Apples and Pears

West Germany has announced an import tender for fresh apples and pears from the United States and Canada.

Applications may be made until March 15, 1968, or until the undisclosed value limit is reached; country of origin and country of export must be the same, and fruit must correspond to at least EEC quality class II.

Embargoes of certain quality groups, varieties, and assortments are possible. Contracts concluded not later than the day of publication of such an embargo may be fulfilled if the fruit is loaded aboard the ship within 7 days of the announcement. Also, West Germany's plant protection regulations must be observed.

## U.K. Imports of Fresh Grapefruit

Fresh grapefruit imports from dollar countries will be permitted between December 1 and September 30, accord-

ing to the U.K. Board of Trade. The total amount of the quota remains unchanged at about \$3,215,000 c.i.f. In the past, dollar area grapefruit could be imported only between March 1 and September 30.

## South Africa's Peanut and Sunflowerseed Crops

Peanut production in the Republic of South Africa is expected to be a record 288,000 short tons (shelled basis) in 1967, according to the official July estimate. This represents an increase of 88 percent over last year's crop of 153,000 tons and 66 percent over the 1960-64 average.

Production of sunflowerseed is now estimated at 105,000 tons, slightly less than the 111,000 tons produced last year.

## U.S. Cotton Exports High in 1966-67

U.S. exports of raw cotton in the 1966-67 crop year were at the highest level since 1963-64. They amounted

U.S. COTTON EXPORTS BY DESTINATION  
[Running bales]

Destination	Year beginning August 1				
	Average		1964	1965	1966
	1955-59	1960-64			
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria .....	33	23	11	3	4
Belgium-Lux. ....	160	121	80	43	52
Denmark .....	17	14	6	7	8
Finland .....	22	17	11	8	15
France .....	360	319	184	108	163
Germany, West .....	475	269	217	92	159
Italy .....	416	345	260	102	263
Netherlands .....	124	110	65	38	31
Norway .....	10	13	13	10	10
Poland & Danzig .....	85	125	66	42	78
Portugal .....	28	21	22	6	1
Spain .....	171	74	28	10	1
Sweden .....	75	81	58	59	71
Switzerland .....	64	74	66	35	79
United Kingdom .....	525	244	153	131	153
Yugoslavia .....	108	112	109	169	139
Other Europe .....	17	17	11	12	11
Total Europe .....	2,690	1,979	1,360	875	1,238
Australia .....	54	61	60	33	17
Bolivia .....	6	7	5	4	9
Canada .....	217	353	390	269	297
Chile .....	35	18	1	3	3
Colombia .....	33	3	1	57	1
Congo (Kinshasa) ..	0	6	29	25	34
Ethiopia .....	4	9	4	20	9
Ghana .....	0	1	(1)	1	15
Hong Kong .....	134	148	150	94	183
India .....	184	314	243	63	289
Indonesia .....	30	40	47	(1)	161
Israel .....	16	15	23	5	2
Jamaica .....	3	4	5	5	5
Japan .....	1,154	1,192	990	705	1,293
Korea, Rep. of .....	205	261	261	301	372
Morocco .....	10	12	12	12	14
Pakistan .....	14	14	9	6	3
Philippines .....	64	123	75	93	134
South Africa .....	26	41	43	27	38
Taiwan .....	153	209	203	178	373
Thailand .....	4	34	55	55	70
Tunisia .....	0	2	6	13	15
Uruguay .....	15	6	0	(1)	0
Venezuela .....	2	8	6	5	1
Vietnam, South .....	2	46	63	73	66
Other countries .....	45	18	19	20	27
Total .....	5,100	4,924	4,060	2,942	4,669

<sup>1</sup>Less than 500 bales.

to 4,669,000 running bales, 59 percent above the 2,942,000 bales exported in the previous season.

Increased foreign demand for U.S. cotton in 1966-67 is attributed to a continued rise in consumption abroad, especially in Far Eastern countries, and to smaller harvests in a number of foreign exporting countries. In addition, stocks in most importing countries were rebuilt from the low levels of a year earlier.

July exports totaled 228,000 bales, compared with 142,000 in July 1966.

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## Iran's Land Reform Program

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pletely stop the exploitationist practices of the village middlemen—the moneylenders.

Lack of competent coordinating forces has led to some duplication and waste. Initially, the lending operation of the Agricultural Bank was not adequately coordinated with the work of the cooperatives—but this problem is now being lessened by having the Bank concentrate on large-scale productive projects and carry out its small operations through the cooperatives.

In addition to limited expansion in the number of cooperatives, the land reform movement has also hit legal and registration difficulties. These difficulties kept the program from being completed in several villages. To overcome the problems, a bill was submitted to the Parliament which aims at equipping land reform officials with increased legal authority.

The third phase aims at doubling farm production. Though the means of attaining this objective are spelled out in very general terms, emphasis is placed on the right aspects of development, including strengthening the cooperative movement, increasing supervised credits, setting up limitations on minimum landholdings (to prevent land from being fragmented into uneconomic units), introducing modern farm techniques, expanding training programs, and better utilizing water resources.

Not content to stop with this work, Iran's Organization of Land Reform is looking to a future of still more improvements in land distribution and farm production. Its major goal in coming years will be the strengthening of the farm cooperatives—which are still seen as the farmers' foremost vehicle to improved living conditions. Bettering of these conditions is, of course, the aim of the Organization of Land Reform.



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## New Oilseed Crushing Plant in Italy To Help Meet Demand

Italy—which buys most of its imported oilseeds from the United States—now has a new oilseed crushing plant at Aprilia, about 25 miles south of Rome. Operating on 25 acres, the new plant is the largest in Italy. It has 12 expeller lines and 2 solvent extraction lines, each with a 600-ton daily capacity. One extraction line is devoted exclusively to soybeans, while the other is used for a variety of oilseeds (sunflowerseed, rapeseed, peanuts, etc.). Soybeans are generally received in the port of Civitavecchia, about 45 miles north of Rome, and shipped by truck to the plant in Aprilia.

The new plant was built in record time—18 months—as part of the Italian Government's accelerated program for the economic development of Southern Italy. The company, named "Oleara Tirrena," is valued at about \$2.4 million and reportedly can produce about 300 tons of seed oil a day, or nearly one-fourth of total Italian production.

### Growing market for oilseeds

Italy has grown substantially as an importer and user of oilseeds. Ten years ago the country imported less than 250,000 tons of oilseeds. In 1966, imports reached 1.12 million tons. U.S. soybeans hold one of the largest shares of this market, 530,000 metric tons in 1966.

Seed oil in Italy refers to any vegetable oil, except olive oil. Only oils from olives, peanuts, and corn are sold in Italy identified as such on their labels. The others are usually blended together and sold as just "seed oil," priced at about 22 cents per pound when regionally distributed and up to 36 cents per pound for the nationally distributed, highly advertised, name-brand oils. Per capita

consumption of fats and oils is rising in Italy, 25 percent of it soybean oil.

A recent study on Italian food consumption patterns between 1951 and 1966, published by the Italian Central Statistical Institute, shows that in 1951 fats and oils accounted for 6.7 percent of consumer food purchases. This placed fats and oils among the five most costly food categories; by 1966—largely because of the rapid growth of the seed oil industry—fats and oils took a much smaller percentage of the consumer food budget.

### Seed oil versus olive oil

Italian seed oil consumption moved from 4.4 pounds per capita in 1951 to 13.4 pounds in 1966. Per capita olive oil consumption in Italy, according to the Institute, went from 11.2 pounds in 1951 to about 22 pounds in 1966. Many private sources in Italy, however, insist that seed oil consumption has actually outstripped that of olive oil.

The European Economic Community—at Italian insistence—inaugurated a complicated subsidy system in November 1966 designed to lower the price of olive oil to consumers by paying producers the difference between a theoretical production price and the lower market price. As part of this system, Italy had to abandon the rather heavy taxes in effect on seed oils, with the result that seed oils have been selling for less this year than last. The relative price differential between olive oil and seed oil has tended to favor seed oil consumption.

—Based on a report by JOHN J. WARD  
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